

progress, other forms of shares have arisen. For example, there are "Preferred or Preference Shares/' These, as the name implies, are paid in preference to the ordinary shares. Dividends on preference shares are nearly always payable at a fixed rate, which does not depend on the prosperity or depression of the company. Thus, in a good year, the preference shareholder will only get his fixed dividend, but in a bad year the ordinary shareholder will get nothing until the preference shareholder has been paid his fixed dividend in full.

In some instances, the ordinary shares are divided into "Preferred Ordinary" and "Deferred Ordinary" shares. In these cases the owners of the deferred ordinary shares receive no dividend until the preferred ordinary shareholders have received a certain fixed dividend—after which, the profits are divided as provided by the company's articles of association.

Debentures or debenture stock are of a different character. The holders are not members of the undertaking, but mortgagees. A debenture is a mortgage—either of a specific property of a company—or of the whole undertaking of the company, including goodwill and uncalled capital.

A debenture holder thus has the right to seize the

assets of the company in satisfaction of his claim.

Debentures have certain clauses defining the rights of their holders. If a majority decide to enforce their rights, they can appoint a receiver to sell the company's property and get in the proceeds on their behalf. If debenture holders, not possessing a majority, desire to enforce their rights they have to apply to the High Court for the appointment of a receiver.